

# AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



COUNTY OF SAN BERNARDINO

**AUDITOR/CONTROLLER** • 222 West Hospitality Lane, Fourth Floor  
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830

**RECORDER • COUNTY CLERK** • 222 West Hospitality Lane, First Floor  
San Bernardino, CA 92415-0022 • (909) 387-8306 • Fax (909) 386-9050

**LARRY WALKER**  
Auditor/Controller-Recorder  
County Clerk

**ELIZABETH A. STARBUCK, CGFM**  
Assistant Auditor/Controller-Recorder  
Assistant County Clerk

June 27, 2008

## **MELISSA ANDERSON, CHIEF**

District Financial Services  
1020 E. Cooley Drive  
Colton, CA 92324

### **SUBJECT: INDEPENDENT ACCOUNTANT'S REPORT ON EFFECTIVENESS OF DISTRICT FINANCIAL SERVICES' PAYMENT AUDITING PROCESS**

We have performed the procedures enumerated below, which were agreed to by District Financial Services and the Auditor/Controller, to improve the effectiveness of District Financial Services' Electronic Random Audit Process (Process) and to assist District Financial Services in evaluating the internal controls over the purchasing, receiving, and accounts payable functions of the school districts for the audit period February 1, 2006 to January 31, 2007. The internal controls are the responsibility of the school districts' management. This agreed-upon procedures engagement was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. The procedures performed and conclusions reached as a result of these procedures are identified below.

### **BACKGROUND**

In prior years the Internal Audits Section of the Auditor/Controller-Recorder's Office conducted individual audits of a judgmentally selected 15 of 40 school districts in accordance with procedures agreed upon by District Financial Services and the Auditor/Controller-Recorder. At each of the selected districts, transactions were judgmentally selected and tested, and findings and recommendations were reported to the district's management. This methodology could not be used to either evaluate an individual school district's internal control effectiveness or determine if District Financial Services' payment auditing process was operating effectively.

In 2006 a new audit strategy was developed to increase district coverage, decrease audit hours, and provide an opinion on the operating effectiveness of District Financial Services' payment auditing process. The focus was changed from individual districts to the entire District Financial Services' payment auditing process. A statistical sample of all commercial warrant transactions processed by District Financial Services was chosen, allowing each district a chance of being selected for internal control evaluation

with each sample item selected. The success rate in preventing and detecting erroneous payments can be determined through statistical evaluation of the sample to provide the basis for an overall opinion as to whether the Process is meeting its objectives.

### **ENGAGEMENT OBJECTIVES**

- Test and evaluate a statistically selected sample of transactions to determine operating effectiveness of the Process.
- Review specific district-level internal controls to determine the degree of reliance that can be placed on the district's controls and the extent to which further auditing procedures are necessary.
- Provide a written report to District Financial Services with comments and recommendations regarding the effectiveness of the Process as well as the risk rating based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal control framework assigned to each district.

### **SCOPE AND METHODOLOGY**

Procedures performed were limited to the review of information and documentation relative to the engagement objectives mentioned above. The County Superintendent of Schools' Automated Business Support System, through the Electronic Random Audit Process, provides for examinations of commercial claims documents on a sample basis by District Financial Services. District Financial Services' auditing process is responsible for preventing and detecting unauthorized payments. Our audit procedures were conducted to determine the success rate through statistical evaluation of the sample and provide the basis for an overall opinion as to whether District Financial Services' Process is meeting its objectives. Our engagement objectives supplement the Electronic Random Audit Process by providing additional assurance that district internal controls are adequate and the audit process is operating effectively. To accomplish our audit objectives, we performed the following procedures:

#### **Test of Internal Controls**

- Received completed internal control surveys, resume summaries, organizational charts, and policies and procedures related to the purchasing, accounts payable, receiving, revolving cash fund functions of each district and assessed the controls based on the COSO internal control framework.
- Prepared a scorecard assessment for each district and submitted to District Financial Services with recommendations regarding the risk rating assigned to the district.

### **Test of Transactions**

- Statistically selected 297 vendor payments to determine compliance with internal controls that are in place by the districts and the mitigating controls operating through District Financial Services' payment auditing process to determine the effectiveness of the Process in preventing and detecting unauthorized or noncompliant payments.

### **RESULTS**

As a result of our procedures, we have identified 81 instances of internal and management control weaknesses, which are detailed in the Schedule of Findings and Recommendations on pages 4 through 16 of our report. One internal and management control weakness is the Authorization Signature Listing maintained by District Financial Services. Nine of these instances were found in payments that had been through District Financial Services' payment auditing process, and seventy-one of these instances were found in payments that had not been through the Process. The seventy-one instances are discussed in the Analysis of Observations on pages 17 and 19 of our report. We have also identified risk ratings for each district, which are detailed in the Schedule of District COSO Scorecards on pages 20 through 59. These are discussed in the Analysis of Observations on pages 60 through 62 of our report. District Financial Services was not able to implement the prior recommendation due to the timing of the prior year's audit report. In the next year's audit, we expect the current and prior recommendation to be fully implemented, unless unforeseen events arise.

District Financial Services has not established a minimum threshold to which they desire to operate according to, so the results cannot be compared to the threshold using this methodology. However, based on our audit procedures, without going through District Financial Services' auditing process, 72.5% of payments are within District Financial Services and regulatory agency guidelines; payments going through District Financial Services' payment auditing process were found to be acceptable at a rate of 76.9%. It is our opinion that the Process is effective in preventing and detecting erroneous payments, but this rate is moderately effective and could be improved.

During the course of the audit, we discovered a difference of opinion between District Financial Services (DFS), formerly School Claims and the Auditor/Controller-Recorder's Office (ACR). The difference of opinion is in regard to DFS's historical assignment to audit and approve all school claim expenditures as authorized by ACR. There needs to be discussion between the Superintendent of Schools and the ACR to resolve these differences to improve the effectiveness of operations.

AudRpt/Melissa Anderson, Chief  
District Financial Services  
June 27, 2008  
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This report is intended solely for the information and use of the San Bernardino County Superintendent of Schools and the District Financial Services Division, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,  
**Larry Walker**  
Auditor/Controller-Recorder

By:

Howard Ochi  
Chief Deputy Auditor

Copies to:

Dr. Herbert R. Fischer, Superintendent

Audit File (3)

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**SCHEDULE OF FINDINGS AND RECOMMENDATIONS (pages 4-18)**

**ANALYSIS OF OBSERVATIONS (pages 19-21)**

**SCHEDULE OF DISTRICT COSO SCORECARDS (pages 22-61)**

**ANALYSIS OF OBSERVATIONS (pages 62-64)**

## **SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

As a result of our procedures, we identified twelve of the prior year's findings still occurred in the audit period. These are located under the heading "Status of Prior Year's Findings and Recommendations." District Financial Services was not able to implement the prior recommendation due to the timing of the prior year's audit report. In the next year's audit, we expect the prior recommendation to be fully implemented, unless unforeseen events arise. Procedures also identified seven current year findings. The current year's findings are located under the heading "Current Findings and Recommendations."

### **STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS**

**Finding 1:** Payments were adjusted by districts to bypass the audit process.

#### **Recommendations**

Ensure that districts are aware that the vendor and amount on the invoice must match the vendor and amount submitted for payment processing.

#### **Current Status**

No additional exceptions of this type were identified as a result of the current year audit test work.

**Finding 2:** Support for transactions could not be found at District Financial Services and at school districts.

#### **Recommendations**

Keep originals, or certified originals, of all documentation received on file at District Financial Services and require that districts also retain support. Ensure that procedures require all documentation to be present, complete, and accurate before making payment and that these procedures are followed for all payments. Establish and enforce written policies and procedures regarding the filing and safeguarding of documentation.

#### **Current Status**

There were a total of five items identified as a result of the current year audit test work for which support could not be found. There were four instances where districts could not locate any support for the payment made. There was one instance where District Financial Services could not produce supporting

documents for a payment made. It could not be determined whether supporting documents were misplaced or were not obtained. Without documentation to support payments, inaccurate, unauthorized, or untimely payments may be made.

District Financial Services was not able to implement the prior recommendation due to the timing of the prior year's audit report. In the next year's audit, we expect the prior recommendation to be fully implemented, unless unforeseen events arise.

**Finding 3: Internal controls over signature authorization forms could be improved.**

**Recommendations**

Establish and enforce written policies and procedures regarding the filing, recording, and updating of all signature authorization forms and the corresponding Authorized Signature Listing (Listing). Include instructions in the policies indicating that if there are at least 2 persons authorized by Form 1, then no person should sign their own authorization forms. Also, specify the purpose of each form to be used in the policies. Audit purchase orders against the current, updated Listing to ensure that signatures are authorized. Return payments without this authorized signature to districts for an authorized agent to sign, or require that the proper forms be submitted.

**Current Status**

The following conditions were noted as a result of the current year audit test work of the Listing, which is maintained by District Financial Services.:

- There were 7 forms that had been deleted, but not removed from District Financial Services' Listing.
- There were 12 forms that were on the Listing, but not found.
- There were 4 forms that lacked an approving signature.
- There were 15 forms that were self-authorized.
- There were 5 forms on file that were not on the Listing.
- There were 19 forms authorized for limits or time periods differing from the Listing.
- There were 5 forms that were approved by an unauthorized person.
- There were 2 instances where payments were made on a purchase order or contract signed by a district employee who was not authorized to sign. One of these payments was audited by District Financial Services.
- At a district, there was 1 instance where payments were made on a purchase order that was not authorized.

District Financial Services' does not have written procedures for filing forms and updating the Listing. District Financial Services' policies for districts completing forms do not require an internal control of having another person authorize each form, when permitted by the size of the district. Since the Listing has not been updated, it is not effective for payments auditing purposes. All payments audited and processed using the Listing are at risk of being unauthorized as persons signing purchase orders, signing contracts, and releasing payments may not have proper authorization on file as documented on the Listing.

District Financial Services was not able to implement the prior recommendation due to the timing of the prior year's audit report. In the next year's audit, we expect the prior recommendation to be fully implemented, unless unforeseen events arise.

**Finding 4: Public Works projects did not have the required documentation and authorization.**

**Recommendations**

Establish and enforce written policies and procedures for the review and set-up of public works files. Ensure that districts are aware of the requirements prior to beginning a public works project so that documentation can be submitted to District Financial Services timely and in its entirety. Do not process payments for projects that do not have a complete file including all contract and bid documentation, DSA approval (when applicable), Notice or Acceptance of Completion (when applicable). If the Page is not to be used as a verification of the complete file, remove the signature line stating "reviewed and checked by" and require that District Financial Services staff sign/initial and date the file someplace to verify that file has been reviewed and is complete.

**Current Status**

The following conditions were noted as a result of the current year audit test work:

- There was one completed project for which a Notice of Completion of Board Acceptance of Completion could not be found at District Financial Services.
- There was one project for which a schedule of bids received was not on file at District Financial Services.
- There was one project for which only one date was certified on the Proof of Publication at District Financial Services, though Public Contract Code 20112 requires that notice calling for bids must be published at least once a week for two weeks.

Public works projects may be out of compliance with Public Contract and Education Codes without documentation to verify that the proper procedures have been followed. In addition, full payment may be released to vendors prior to the completion of work contracted, allowing the vendor to delay or cease work without losing payment. Since public works are generally high-dollar transactions and payments may be released without the required documentation in effect, each of these errors puts a large dollar amount at risk of being unauthorized.

District Financial Services was not able to implement the prior recommendation due to the timing of the prior year's audit report. In the next year's audit, we expect the prior recommendation to be fully implemented, unless unforeseen events arise.

**Finding 5: Invoices could not be compared to purchase orders or contracts.**

**Recommendations**

Ensure that purchase orders or contracts are present for all applicable expenditures and that there is documentation of proper authorization and purchases can easily be identified. Do not process payment on an invoice that cannot be compared to its respective purchase order or contract and verified as an allowable expense.

**Current Status**

The following conditions were noted as a result of the current year audit test work:

- There was one instance at a district where the rates paid on the invoice differed from the rates stipulated in the contract.
- There was one instance at a district where the services listing on the purchase order differed from the services received.
- There was one instance at a district where items were purchased other than those listed on the purchase order.
- There were two invoices at a district that were not itemized and, therefore, could not be compared to their respective purchase orders or contracts.

If invoices cannot be compared to the authorized purchase order or contract in place, items and amounts that were not authorized or ordered may be processed and paid and funds may be overspent. Also, failure to document terms and conditions of purchases agreed upon with vendors may release vendors from accountability.

District Financial Services was not able to implement the prior recommendation due to the timing of the prior year's audit report. In the next year's audit, we expect the prior recommendation to be fully implemented, unless unforeseen events arise.

**Finding 6: Invoice was not available to support payment.**

**Recommendations**

Do not process payments for which an invoice cannot be produced. Increase invoice auditing and ensure that all districts are aware of the requirement of invoice submittal for any payment processing.

**Current Status**

There were two payments identified as a result of the current year audit test work for which an invoice could not be produced at the districts. If invoices cannot be verified before payment is made, inaccurate, unauthorized, or improper payments may be made.

District Financial Services was not able to implement the prior recommendation due to the timing of the prior year's audit report. In the next year's audit, we expect the prior recommendation to be fully implemented, unless unforeseen events arise.

**Finding 7: Payments were made without adequate receiving documentation.**

**Recommendations**

Require all payments to include the proper receiving documentation with a signature of at least the first initial and full last name of the signer, initials okay for centralized receiving, as well as the date the goods were received. Verify this documentation prior to processing payment. Ensure that districts are aware of the requirements in documenting receipt of goods and services and invoice approval.

**Current Status**

There were twenty three instances identified as a result of the current year audit test work where payment was made without supporting documentation to provide clear evidence that the goods or services were received and invoices were approved. Of these twenty three instances, one had been through District Financial Services' audit process. Without proper receiving documentation with

signatures, District Financial services is at risk of paying for goods and services that have not been received or accepted by the districts.

District Financial Services was not able to implement the prior recommendation due to the timing of the prior year's audit report. In the next year's audit, we expect the prior recommendation to be fully implemented, unless unforeseen events arise.

**Finding 8: Change order elements were not present.**

**Recommendations**

Do not process any payment for which a properly authorized purchase or change order, when applicable, for payment is not documented. Ensure that changes to public works projects are in compliance with the applicable codes and governing bodies, and do not process payment until this compliance is documented.

**Current Status**

There was one instance identified as a result of the current year audit test work where a change order for an increase in excess of 10% of the original purchase order did not exist at a district.

Funds may be overspent if amounts greater than those authorized are paid. Unauthorized expenditures made on authorized purchase orders or contracts may be detected if changes from original amounts are not reviewed and approved.

District Financial Services was not able to implement the prior recommendation due to the timing of the prior year's audit report. In the next year's audit, we expect the prior recommendation to be fully implemented, unless unforeseen events arise.

**Finding 9: Payments were made without an original or certified copy of an original invoice.**

**Recommendations**

Increase invoice auditing to ensure that an original invoice is obtained prior to processing payment. If a copy is submitted, ensure that the copy is certified as an original invoice with a signature of district personnel. If a copy is not certified, request a certified copy prior to processing payment. Ensure that districts are aware of the requirements in certifying an invoice as original.

### **Current Status**

As a result of the current year audit test work, there was a total of twenty instances found at the districts where payments were made without an original or certified copy of an original invoice. There were nineteen instances where invoices were photocopies or faxes and did not have any certification of original. There was one photocopied invoice that had been stamped as original, but did not have district personnel signature to certify it. If original or certified copies of original invoices are not obtained prior to payment, unauthorized expenditures or duplicate copies of invoices could be submitted for payment.

District Financial Services was not able to implement the prior recommendation due to the timing of the prior year's audit report. In the next year's audit, we expect the prior recommendation to be fully implemented, unless unforeseen events arise.

### **Finding 10: Remaining balances were not indicated on open purchase orders.**

#### **Recommendations**

Increase purchase order auditing on open purchase orders to require all previous payments and remaining balances to be indicated on all open purchase orders. Do not process payment until this information has been verified and documented by the District.

#### **Current Status**

As a result of the current year audit test work, one payment processed by District Financial Services on an open purchase order did not indicate previous payments or remaining balances. Without documentation of previous payments and remaining balances, it is not possible to verify that the district has verified the budget and availability of funds on that purchase order.

District Financial Services was not able to implement the prior recommendation due to the timing of the prior year's audit report. In the next year's audit, we expect the prior recommendation to be fully implemented, unless unforeseen events arise.

### **Finding 11: Invoice did not compare to District Financial Services' prelist.**

#### **Recommendations**

Require that all documents submitted for payment agree with the information that is received on the District Financial Services prelist. Reject any batches that do not agree and request that the district re-submit the payment with the correct information.

**Current Status**

No additional exceptions of this type were identified as a result of the current year audit test work.

**Finding 12: Inaccurate documents were processed.**

**Recommendations**

Ensure that districts are aware that they must verify the existence, completeness and agreement of all payment documents, including those that are not a part of the required documentation.

**Current Status**

No additional exceptions of this type were identified as a result of the current year audit test work.

**Department Response to Prior Findings**

We concur with the Auditor-Controller that, due to the timing of the receipt of the prior year audit report, we were physically unable to implement any prior year recommendations. After discussion with ACR staff, we anticipate that future audit cycles will be adjusted to allow sufficient time for consideration and implementation of recommendations.

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**Finding 1: School district's name was not indicated on invoice.**

District Financial Services' audit manual requires that the school district's name or the school's name appears on each invoice. There was one payment, which was audited by District Financial Services that did not have the school district's name on the invoice. Expenditures cannot be verified as belonging to the district.

**Recommendations**

Do not process payment on an invoice that does not have the school district's name on it. Return all invoices without districts' name to the district and instruct them to request a revised invoice with the districts' name.

**Department Response**

We concur that the district's name was not indicated on the invoice of the one exception that was found. This was an oversight on the part of DFS; it is standard practice to reject such payments.

**Auditor's Response**

DFS' response did not address correcting this finding of not ensuring invoices are identified as belonging to the district such as advising the districts of invoice requirements through additional training.

**Finding 2: Invoices did not foot or cross-foot.**

District Financial Services' audit manual requires that each invoice agrees to the amount being paid. There were four invoices found at the districts that did not foot or cross-foot. If invoices are not checked for mathematic accuracy, payments could be paid for the incorrect amounts.

**Recommendations**

Ensure that all districts are aware that invoices must be checked for mathematic accuracy to ensure that they agree to the amount being paid.

**Department Response**

All exceptions were found at the school districts. We concur that the districts should check invoices for mathematical accuracy. We will advise the districts to check the accuracy of the invoices they receive.

**Auditor's Response**

DFS' response addresses planned action to prevent reoccurrence of this finding.

**Finding 3: Purchase orders did not identify materials or services.**

District Financial Services' audit manual requires that each purchase order identifies the materials or services rendered to provide a detailed record to which invoices can be compared. There were seven purchase orders found at the

districts that did not identify the material or services purchased by the district. Without an adequate description of materials or services on purchase orders, inaccurate or unauthorized invoices could be paid against a purchase order.

### **Recommendations**

Ensure that all districts are aware that purchase orders must be prepared completely, including a detailed description of the materials or services being purchased.

### **Department Response**

All exceptions were found at the school districts. We concur that the purchase orders should identify the material or services to be purchased by the district. We will continue to emphasize to the districts the importance of identifying their purchases.

### **Auditor's Response**

DFS' response addresses planned action to prevent reoccurrence of this finding.

### **Finding 4: Internal controls over travel claims could be improved.**

District Financial Services' audit manual requires that all employees' travel claims have appropriate approval from the Superintendent or Board Designee. Districts also establish their own Board-approved travel policy to stipulate specific requirements and rates. One district's policy allowed reimbursement of \$11 for breakfast, \$17 for lunch, and \$29 for dinner. At the districts, we found the following:

- A travel claim did not have appropriate approval from the Superintendent or Board Designee.
- An employee was reimbursed \$30.45 for a dinner.

For the dinner that was overpaid, the district explained that employees could be reimbursed \$57 per day regardless of the number of meals eaten. However, this was not noted in their policy. Unauthorized expenditures may be paid without the appropriate approver's knowledge. Public funds may be overspent on meal reimbursements made to employees.

### **Recommendations**

While not specifically required by Education Codes, Governing Boards should adopt and adhere to policies regarding travel and conference expenditures. In the absence of a district's Board Policy, the district should adhere to the San Bernardino County Superintendent of Schools travel policy. Regardless of the

travel policy used, District Financial Services' should ensure that all districts are aware of the requirements of travel, conference, and mileage expenditures established in District Financial Services' audit manual.

#### **Department Response**

All exceptions were found at the school districts. We concur that it is good business practice for governing boards to adopt and adhere to policies regarding travel and conference expenditures. DFS will continue to include travel and conference requirements in our trainings/workshops.

#### **Auditor's Response**

DFS' response addresses planned action to prevent reoccurrence of this finding.

#### **Finding 5: Invoices did not agree to amounts paid.**

District Financial Services' audit manual requires that the invoice amount agrees to the amount on the prelist, which is the amount of the payment to be made. At a district, there was one instance where the district overpaid an invoice by \$99.99. According to the district, a temporary employee was preparing payments based off the purchase order rather than the invoiced amount. Overpayments may result in waste of public funds if the district is unable to recoup it from the vendors. District may also be susceptible to fraudulent activities, such as employees receiving kickbacks from vendors.

#### **Recommendations**

Ensure that all districts are aware that payments should be made for the amount of the invoice, which should be approved by district personnel verifying receipt of the goods and/or services. Supervisors and/or managers should review all payments against the invoice before the batch is processed. Require all districts to document these steps and establish them as written procedures, which can provide new employees with accurate steps to conduct their job duties.

#### **Department Response**

This exception was found at one of the large school districts. Although we concur that districts should make payments for the amount of the invoices, it is beyond our scope of authority to require all districts to establish written procedures for their organization.

### **Auditor's Response**

DFS' response did not address correcting this finding of not ensuring invoices are accurate such as advising the districts of invoice requirements through additional training. It is our position that DFS has the authority to require all districts to establish written procedures with regard to auditing and approval of all district expenditures.

### **Finding 6: Missouri state sales tax was paid.**

District Financial Services' audit manual requires that the district is to ensure that the correct amount of sales tax is indicated on the invoice prior to paying it. When purchasing tangible property from a vendor out of state, districts are required to pay use tax to the California State Board of Equalization if the district does not pay local sales tax to the vendor. There was one invoice found at a district where Missouri state sales tax was paid. District Financial Services' audit manual doesn't provide districts with the proper instructions on complying with the California use tax law. If the district does not comply with the California use tax law, they can be subject to penalties and interest.

### **Recommendations**

Update the District Financial Services' audit manual to include proper instructions on auditing invoices for the correct amount of sales tax, including complying with the California use tax law. When districts receive an invoice with the incorrect amount or rate of sales tax, the district should contact the vendor to obtain a revised invoice. If the vendor is out of state, the district should first determine if sales tax applies. If sales tax applies and the vendor has charged sales tax verify that it is the appropriate percentage rate. If there is no sales tax on the invoice the district is responsible for paying use tax.

### **Department Response**

This exception was found at one of the school districts. Although we concur with the finding, we do not necessarily concur with the recommendation that California Use Tax laws should be included in our audit manual. It would be impractical for us to include all the possible variations of use tax applicability; however, we will include the website address for California Use Tax laws in future additions of our audit manual.

### **Auditor's Response**

DFS' response addresses planned action, however we feel providing the website address alone without any guidance is not sufficient. We have provided some general guidelines from <http://www.boe.ca.gov/sutax/sutprograms.htm> to DFS as

a starting point to further clarify to the districts the requirements of California Use Tax laws.

**Finding 7: District Financial Services' prelist attached to the batch documentation was not signed.**

When payments are submitted to District Financial Services' with an Electronic Signature Key, a printout is produced showing the vendor, amount, and account to be charged for each payment submitted. This is District Financial Services' prelist. One copy of the prelist is referred to as the 'release copy', which is given to accounting to release the batch and to audit the warrant register when the warrants are printed. The other copy of the prelist is referred to as the 'back-up copy', which is attached to the batch documentation as an authorized payment record after District Financial Services' audit staff verifies the prelist information against invoices. District Financial Services' audit staff are required to sign both prelists. By signing off, the audit staff is stating that he/she audited the batch and supporting documentation. There was one instance where the prelist attached to the batch was not signed off by District Financial Services' audit staff. Per District Financial Services, the audit clerk neglected to sign the prelist attached to the batch but did sign the 'release copy'. If a prelist is not signed, there may not be a complete record of payment approval.

**Recommendations**

Ensure that all District Financial Services' staff are aware that they must sign both prelists.

**Department Response**

We concur with this finding. Although the signing of both copies of the prelists has never been an actual "requirement", we agree that it is good practice and will make it a requirement from this point forward.

**Auditor's Response**

DFS' response addresses planned action to prevent reoccurrence of this finding.

## **ANALYSIS OF OBSERVATIONS**

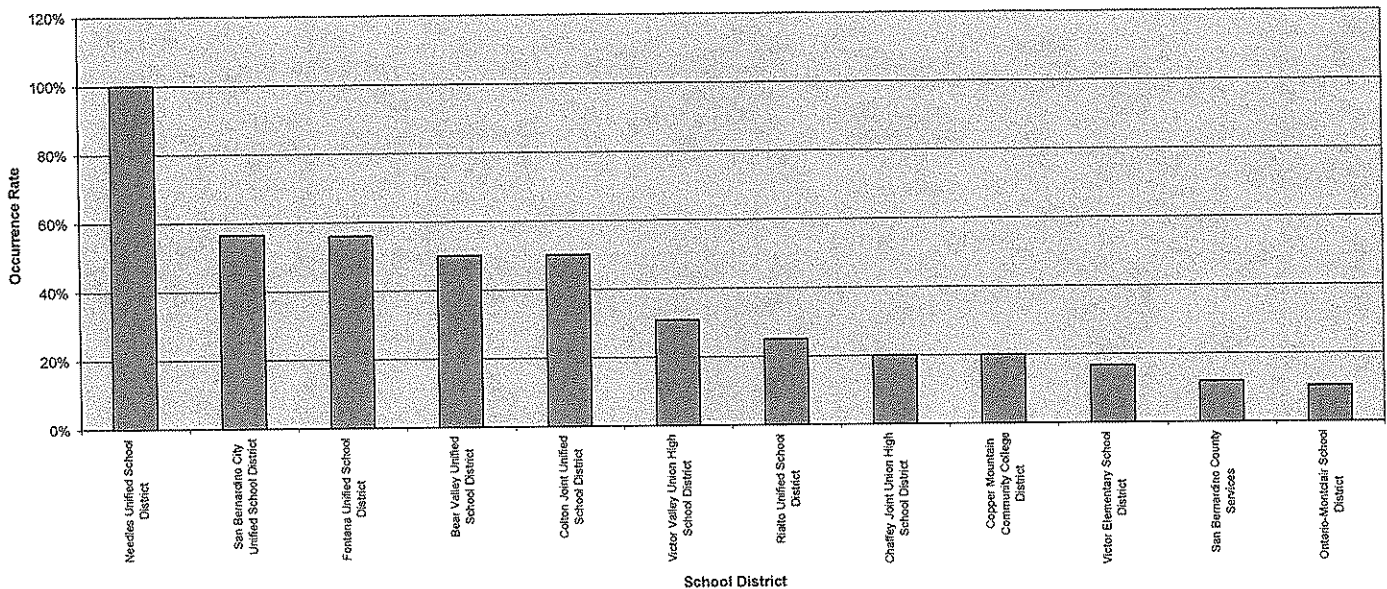
Based upon the statistical evaluation of the sample of transactions tested, with a 95% confidence level, there is an effective failure rate of 20.5% (or the number of transactions that failed on one or more attributes tested) and an overall failure rate of 23.1% (total attributes failed) in payments going through District Financial Services' auditing process. With a 95% confidence level, there is an effective failure rate of 23.6% and an overall failure rate of 27.5% in payments that are not selected by District Financial Services' auditing process. Therefore, without going through District Financial Services' auditing process, 72.5% of payments are within District Financial Services and regulatory agency guidelines, and after going through the auditing process 76.9% of payments are within District Financial Services and regulatory agency guidelines.

District exceptions were distributed across districts; exception occurrence rates were calculated per district, not including any exceptions that were caused by District Financial Services, as follows (those districts with exceptions are compared in the chart below):

<b>SCHOOL DISTRICT</b>	<b># Exceptions (due to district)</b>	<b># Tested</b>	<b>% Exception Occurrence Rate</b>
Needles Unified School District	7	7	100%
San Bernardino City Unified School District	22	39	56%
Fontana Unified School District	14	25	56%
Bear Valley Unified School District	1	2	50%
Colton Joint Unified School District	9	18	50%
Victor Valley Union High School District	4	13	31%
Rialto Unified School District	2	8	25%
Chaffey Joint Union High School District	2	10	20%
Copper Mountain Community College District	1	5	20%
Victor Elementary School District	1	6	17%
San Bernardino County Services	6	50	12%
Ontario-Montclair School District	2	19	11%
Barstow Unified School District	0	5	0%
Upland Unified School District	0	5	0%
Chino Valley Unified School District	0	17	0%
Adelanto School District	0	2	0%
Alta Loma School District	0	5	0%
Apple Valley Unified School District	0	6	0%
Baker Valley Unified School District	0	1	0%
Baldy View ROP	0	3	0%
Barstow Community College District	0	4	0%
Central School District	0	2	0%
Colton-Redlands-Yucaipa ROP	0	1	0%
Cucamonga School District	0	1	0%
Etiwanda School District	0	4	0%
Helendale School District	0	0	0%

Hesperia Unified School District	0	6	0%
SCHOOL DISTRICT	# Exceptions (due to district)	# Tested	% Exception Occurrence Rate
Lucerne Valley Unified School District	0	3	0%
Morongo Unified School District	0	3	0%
Mountain View School District	0	0	0%
Mt. Baldy Joint School District	0	0	0%
Oro Grande School District	0	0	0%
Redlands Unified School District	0	6	0%
Rim of the World Unified School District	0	1	0%
San Bernardino Community College District	0	6	0%
Silver Valley Unified School District	0	2	0%
Snowline Joint Unified School District	0	0	0%
Trona Joint Unified School District	0	0	0%
Victor Valley Community College District	0	10	0%
Yucaipa-Calimesa Joint Unified School District	0	2	0%
Total	71	297	

Exception Occurrence Rate



A majority of the exceptions appear to have occurred across all districts or were specific to District Financial Services. Six exceptions appeared to be district-specific:

1. Support for transactions could not be located by San Bernardino County Services.
2. Change order elements were not present at Colton Joint Unified School District.
3. Payments were made without an original or certified copy of an original invoice by San Bernardino City Unified School District.

4. Purchase orders did not identify materials or services at Colton Joint Unified School District.
5. Invoices did not agree to amounts paid by San Bernardino City Unified School District.
6. Missouri state sales tax was paid by Fontana Unified School District

These findings are discussed in detail in the Schedule of Current Findings and Recommendations.

There does not appear to be a specific payment type that a majority of exceptions were found in. The document most susceptible to failure of the audit process is the invoice. It is recommended that District Financial Services especially scrutinize invoices across all districts, making this document a priority as it is the primary support for most payments. Specific exceptions regarding invoices are discussed in the Schedule of Current Findings and Recommendations.

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Adelanto School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
100%	60	60
100%	80	80
92%	80	74
100%	60	60

380

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>		X	

Points: 160

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>			X

Points: 190

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>			X

Points: 95

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>	X		

Points: 33

1000 POINTS POSSIBLE TOTAL

**SCORE**

858

### F. TEST TRANSACTIONS

2 Transactions Tested

Exceptions noted (1):

- 1 Transactions (1)  
Prelist attached to batch was not approved

- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
**858**

**LOW**

Not an exception on the part of the district, not counted in calculating district

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Alta Loma School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
	X	
X		
	X	
	X	
	X	

### Scoring:

POINTS	WEIGHT	TOTAL
67%	120	81
7%	60	4
71%	80	57
64%	80	51
63%	60	38

231

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>		X	

Points: 140

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>		X	

Points: 160

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>		X	

Points: 75

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>		X	

Points: 66

1000 POINTS POSSIBLE TOTAL

**SCORE**

672

### F. TEST TRANSACTIONS

5 Transactions Tested  
Exceptions noted (0):

- 1 Transactions  
None
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
672

**MEDIUM**

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Apple Valley Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
100%	80	80
100%	80	80
100%	60	60

400

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 185

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 50

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

1000 POINTS POSSIBLE TOTAL

SCORE

835

### F. TEST TRANSACTIONS

6 Transactions Tested

Exceptions noted (0):

1 Transactions  
None

2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0

835

MEDIUM

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Baker Valley Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
	X	
X		
		X
	X	
	X	

### Scoring:

POINTS	WEIGHT	TOTAL
64%	120	76
0%	60	0
100%	80	80
76%	80	61
73%	60	44

261

### B. RESUME SUMMARY

200 Points Possible

0-99 H	100-169 M	170-200 L
	X	

TOTAL EVALUATION

Points: 150

### C. ORGANIZATIONAL CHART

200 Points Possible

0-99 H	100-169 M	170-200 L
X		

TOTAL EVALUATION

Points: 0

### D. POLICIES

100 Points Possible

0-49 H	50-84 M	85-100 L
X		

TOTAL EVALUATION

Points: 0

### E. PROCEDURES

100 Points Possible

0-49 H	50-84 M	85-100 L
X		

TOTAL EVALUATION

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

411

### F. TEST TRANSACTIONS

1 Transaction Tested  
Exceptions noted (0):

1 Transactions  
None

2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0

411

HIGH

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Baldy View ROP**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

A.

400 Points Possible

	H	M	L
1 Control Environment			X
2 Risk Assessment	X		
3 Control Activities			X
4 Information and Communication		X	
5 Monitoring	X		

Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
0%	60	0
87%	80	70
76%	80	61
38%	60	23
		274

B.

RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points:

195

C.

ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points:

80

D.

POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points:

100

E.

PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points:

66

1000 POINTS POSSIBLE TOTAL

SCORE

715

**F. TEST TRANSACTIONS**  
3 Transactions Tested  
Exceptions noted (0):

- 1 Transactions  
None
- 2 Contracts  
None

## ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
**715**

**MEDIUM**

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Barstow Community College**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
	X	
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
67%	60	40
100%	80	80
87%	80	70
87%	60	52

362

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>			X

Points: 190

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>	X		

Points: 80

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>		X	

Points: 75

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>	X		

Points: 30

1000 POINTS POSSIBLE TOTAL

**SCORE**

737

### F. TEST TRANSACTIONS

4 Transactions Tested  
Exceptions noted (0):

- 1 Transactions  
None
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
737

**MEDIUM**

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Barstow Unified School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
	X	
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
73%	60	44
100%	80	80
100%	80	80
87%	60	52

376

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>		X	

Points: 135

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>			X

Points: 200

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>			X

Points: 100

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>			X

Points: 100

1000 POINTS POSSIBLE TOTAL

**SCORE**

911

### F. TEST TRANSACTIONS

5 Transactions Tested

Exceptions noted (2):

- 1 Transactions  
None
- 2 Contracts (2)  
No Notice of Completion or board acceptance  
No schedule of bids

### ADJUSTMENTS FOR EXCEPTIONS:

40% occurrence rate -80  
**831**

**MEDIUM**

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Bear Valley Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
100%	60	60
100%	80	80
97%	80	78
87%	60	52

377

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 160

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 70

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

707

### F. TEST TRANSACTIONS

2 Transactions Tested

Exceptions noted (1):

- 1 Transactions (1)  
Receiving documentation not present

- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

50% occurrence rate -100

607

MEDIUM

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

TO: Melissa Anderson  
Chief, District Financial Services

DATE: 3/14/2008

Central School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
	X	

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
95%	80	76
90%	80	72
77%	60	46

374

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 190

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 25

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 90

1000 POINTS POSSIBLE TOTAL

SCORE

879

### F. TEST TRANSACTIONS

2 Transactions Tested

Exceptions noted (0):

1 Transactions  
None

2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0

879

LOW

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Chaffey Joint Union High School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
X		
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
7%	60	4
95%	80	76
92%	80	74
87%	60	52

325

### B. RESUME SUMMARY

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 180

### C. ORGANIZATIONAL CHART

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 200

### D. POLICIES

100 Points Possible

0-49 H	50-84 M	85-100 L
	X	

TOTAL EVALUATION

Points: 50

### E. PROCEDURES

100 Points Possible

0-49 H	50-84 M	85-100 L
	X	

TOTAL EVALUATION

Points: 60

1000 POINTS POSSIBLE TOTAL

SCORE

815

### F. TEST TRANSACTIONS

10 Transactions Tested

Exceptions noted (2):

- 1 Transactions (2)  
Purchase order not authorized  
Invoice not original

- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

20% occurrence rate -40

775

MEDIUM

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Chino Valley Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
X		
X		
X		
X		
X		

### Scoring:

POINTS	WEIGHT	TOTAL
0%	120	0
0%	60	0
0%	80	0
0%	80	0
0%	60	0

0

### B. RESUME SUMMARY

200 Points Possible

0-99 H 100-169 M 170-200 L

TOTAL EVALUATION

		X
--	--	---

Points: 180

### C. ORGANIZATIONAL CHART

200 Points Possible

0-99 H 100-169 M 170-200 L

TOTAL EVALUATION

X		
---	--	--

Points: 95

### D. POLICIES

100 Points Possible

0-49 H 50-84 M 85-100 L

TOTAL EVALUATION

		X
--	--	---

Points: 100

### E. PROCEDURES

100 Points Possible

0-49 H 50-84 M 85-100 L

TOTAL EVALUATION

X		
---	--	--

Points: 10

1000 POINTS POSSIBLE TOTAL

SCORE

385

### F. TEST TRANSACTIONS

17 Transactions Tested

Exceptions noted (1):

- 1 Transactions (1)  
No remaining balance on open purchase order

- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

6% occurrence rate -12  
**373**

HIGH

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Colton Joint Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
X		
		X
		X
	X	

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
33%	60	20
100%	80	80
88%	80	70
83%	60	50

340

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 135

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

675

### F. TEST TRANSACTIONS

18 Transactions Tested

Exceptions noted (9):

- 1 Transactions (9)
  - Purchase order does not identify materials (6)
  - Invoice not present
  - Change order not present
  - Receiving documentation not present

- 2 Contracts
  - None

### ADJUSTMENTS FOR EXCEPTIONS:

50% occurrence rate -100

575

MEDIUM

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Colton-Redlands-Yucaipa ROP**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
	X	
X		
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
82%	120	98
40%	60	24
100%	80	80
92%	80	74
100%	60	60

336

### B. RESUME SUMMARY

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 180

### C. ORGANIZATIONAL CHART

200 Points Possible

0-99 H	100-169 M	170-200 L
	X	

TOTAL EVALUATION

Points: 130

### D. POLICIES

100 Points Possible

0-49 H	50-84 M	85-100 L
	X	

TOTAL EVALUATION

Points: 80

### E. PROCEDURES

100 Points Possible

0-49 H	50-84 M	85-100 L
	X	

TOTAL EVALUATION

Points: 60

1000 POINTS POSSIBLE TOTAL

SCORE

786

### F. TEST TRANSACTIONS

1 Transaction Tested  
Exceptions noted (0):

1 Transactions  
None

2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
786

MEDIUM

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Copper Mountain Community College District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
	X	
X		
		X
	X	
	X	

### Scoring:

POINTS	WEIGHT	TOTAL
82%	120	98
47%	60	28
100%	80	80
51%	80	41
56%	60	34

281

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 195

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 110

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 75

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

661

### F. TEST TRANSACTIONS

5 Transactions Tested

Exceptions noted (1):

- 1 Transactions (1)  
Receiving documentation not present
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

20% occurrence rate -40

621

MEDIUM

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**County Services**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
	X	
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
100%	80	80
83%	80	67
100%	60	60

387

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 175

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 85

1000 POINTS POSSIBLE TOTAL

SCORE

947

### F. TEST TRANSACTIONS

50 Transactions Tested

Exceptions noted (7):

- 1 Transactions (7)
  - School or district name not on invoice
  - Purchase order not authorized
  - No receiving documentation
  - Invoice not original
  - Unable to locate documentation (3)
- 2 Contracts
  - None

### ADJUSTMENTS FOR EXCEPTIONS:

14% occurrence rate -28

919

LOW

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

TO: Melissa Anderson  
Chief, District Financial Services

DATE: 3/14/2008

Cucamonga School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
100%	60	60
100%	80	80
100%	80	80
100%	60	60

387

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 125

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 50

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

562

### F. TEST TRANSACTIONS

1 Transaction Tested  
Exceptions noted (0):

- 1 Transactions  
None

- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0

562

MEDIUM

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Etiwanda School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
100%	60	60
100%	80	80
100%	80	80
100%	60	60

387

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>			X

Points: 200

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>	X		

Points: 50

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>		X	

Points: 75

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>	X		

Points: 25

1000 POINTS POSSIBLE TOTAL

**SCORE**

737

### F. TEST TRANSACTIONS

4 Transactions Tested  
Exceptions noted (0):

- 1 Transactions  
None
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
**737**

**MEDIUM**

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Fontana Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
	X	
		X
		X
	X	

### Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
60%	60	36
91%	80	73
88%	80	70
73%	60	44

330

### B. RESUME SUMMARY

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 170

### C. ORGANIZATIONAL CHART

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 200

### D. POLICIES

100 Points Possible

0-49 H	50-84 M	85-100 L
X		

TOTAL EVALUATION

Points: 25

### E. PROCEDURES

100 Points Possible

0-49 H	50-84 M	85-100 L
X		

TOTAL EVALUATION

Points: 15

1000 POINTS POSSIBLE TOTAL

SCORE

740

### F. TEST TRANSACTIONS

25 Transactions Tested

Exceptions noted (14):

- 1 Transactions (14)
  - No receiving documentation (9)
  - Invoice does not compare to purchase order or contract (2)
  - Invoice does not foot or cross foot
  - Invoice not present
  - Missouri sales tax charged on invoice
- 2 Contracts
  - None

### ADJUSTMENTS FOR EXCEPTIONS:

56% occurrence rate -112  
628

MEDIUM

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Helendale School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
	X	
X		
	X	
X		
	X	

### Scoring:

POINTS	WEIGHT	TOTAL
82%	120	98
0%	60	0
73%	80	58
38%	80	30
74%	60	45

231

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>			X

Points: 170

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>		X	

Points: 120

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>		X	

Points: 75

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>			X

Points: 100

1000 POINTS POSSIBLE TOTAL

**SCORE**

696

### F. TEST TRANSACTIONS

0 Transactions Tested  
Exceptions noted (0):

- 1 Transactions  
None
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
696

**MEDIUM**

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Hesperia School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
	X	
X		
		X
	X	
		X

### Scoring:

POINTS	WEIGHT	TOTAL
82%	120	98
40%	60	24
100%	80	80
68%	80	54
87%	60	52

309

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>			X

Points: 170

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>			X

Points: 200

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>			X

Points: 100

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>	X		

Points: 30

1000 POINTS POSSIBLE TOTAL

**SCORE**

809

### F. TEST TRANSACTIONS

6 Transactions Tested

Exceptions noted (0):

- 1 Transactions  
None
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0

809

**MEDIUM**

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Lucerne Valley School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
X		
		X
X		
		X

### Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
0%	60	0
100%	80	80
44%	80	35
100%	60	60

282

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>			X

Points: 170

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>	X		

Points: 40

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>			X

Points: 100

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>	X		

Points: 20

1000 POINTS POSSIBLE TOTAL

**SCORE**

612

### F. TEST TRANSACTIONS

3 Transactions Tested  
Exceptions noted (0):

- 1 Transactions  
None
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
**612**

**MEDIUM**

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Morongo Unified School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
91%	80	73
100%	80	80
100%	60	60

393

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>			X

Points: 180

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>			X

Points: 200

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>	X		

Points: 25

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>	X		

Points: 0

1000 POINTS POSSIBLE TOTAL

**SCORE**

798

### F. TEST TRANSACTIONS

3 Transactions Tested  
Exceptions noted (0):

- 1 Transactions  
None
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
**798**

**MEDIUM**

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Mountain View School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
X		
X		
X		
X		
X		

### Scoring:

POINTS	WEIGHT	TOTAL
0%	120	0
0%	60	0
0%	80	0
0%	80	0
0%	60	0

0

### B. RESUME SUMMARY

200 Points Possible

0-99	100-169	170-200
H	M	L
X		

TOTAL EVALUATION

Points: 0

### C. ORGANIZATIONAL CHART

200 Points Possible

0-99	100-169	170-200
H	M	L
X		

TOTAL EVALUATION

Points: 0

### D. POLICIES

100 Points Possible

0-49	50-84	85-100
H	M	L
X		

TOTAL EVALUATION

Points: 0

### E. PROCEDURES

100 Points Possible

0-49	50-84	85-100
H	M	L
X		

TOTAL EVALUATION

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

0

### F. TEST TRANSACTIONS

0 Transactions Tested

Exceptions noted (0):

- 1 Transactions  
None
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
0

HIGH

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

TO: Melissa Anderson  
Chief, District Financial Services

DATE: 3/14/2008

Mt. Baldy Joint School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
	X	
X		
		X
	X	
	X	

### Scoring:

POINTS	WEIGHT	TOTAL
82%	120	98
0%	60	0
100%	80	80
73%	80	59
69%	60	42

278

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 160

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 20

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 65

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 40

1000 POINTS POSSIBLE TOTAL

SCORE

563

### F. TEST TRANSACTIONS

0 Transactions Tested  
Exceptions noted (0):

1 Transactions  
None

2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0

563

MEDIUM

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Needles Unified School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

A.

400 Points Possible

1 Control Environment

2 Risk Assessment

3 Control Activities

4 Information and Communication

5 Monitoring

H

M

L

X

X

X

X

X

POINTS

WEIGHT

TOTAL

100%

120

120

100%

60

60

100%

80

80

88%

80

70

100%

60

60

390

B.

RESUME SUMMARY

200 Points Possible

0-99

100-169

170-200

H

M

L

X

TOTAL EVALUATION

Points:

190

C.

ORGANIZATIONAL CHART

200 Points Possible

0-99

100-169

170-200

H

M

L

X

TOTAL EVALUATION

Points:

120

D.

POLICIES

100 Points Possible

0-49

50-84

85-100

H

M

L

X

TOTAL EVALUATION

Points:

100

E.

PROCEDURES

100 Points Possible

0-49

50-84

85-100

H

M

L

X

TOTAL EVALUATION

Points:

20

1000 POINTS POSSIBLE TOTAL

SCORE

820

## F. TEST TRANSACTIONS

7 Transactions Tested  
Exceptions noted (8):

1 Transactions (8)  
Purchase order not authorized  
Invoice not original (2)  
No receiving documentation (4)  
Travel claim not approved by Superintendent or board

2 Contracts  
None

## ADJUSTMENTS FOR EXCEPTIONS:

114% occurrence rate -228  
592

**MEDIUM**

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Ontario-Montclair School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

	H	M	L
1 Control Environment	X		
2 Risk Assessment	X		
3 Control Activities	X		
4 Information and Communication	X		
5 Monitoring	X		

### Scoring:

POINTS	WEIGHT	TOTAL
0%	120	0
0%	60	0
0%	80	0
0%	80	0
0%	60	0
		0

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION	X		

Points: 0

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 30

1000 POINTS POSSIBLE TOTAL

SCORE

330

### F. TEST TRANSACTIONS

19 Transactions Tested

Exceptions noted (3):

- 1 Transactions (2)  
No receiving documentation  
Travel expense does not comply with policy
- 2 Contracts (1)  
Proof of publication missing

### ADJUSTMENTS FOR EXCEPTIONS:

16% occurrence rate -32  
298

HIGH

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Oro Grande School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
X		
	X	
	X	
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
0%	60	0
73%	80	58
75%	80	60
87%	60	52

290

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>		X	

Points: 120

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>	X		

Points: 40

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>			X

Points: 85

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>	X		

Points: 10

1000 POINTS POSSIBLE TOTAL

**SCORE**

545

### F. TEST TRANSACTIONS

0 Transactions Tested  
Exceptions noted (0):

- 1 Transactions  
None
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
**545**

**MEDIUM**

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Redlands Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
91%	80	73
92%	80	74
100%	60	60

386

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 190

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 165

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 15

1000 POINTS POSSIBLE TOTAL

SCORE

856

### F. TEST TRANSACTIONS

6 Transactions Tested

Exceptions noted (1):

- 1 Transactions (1)  
Documentation could not be located at DFS

- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0

856

LOW

Not an exception on the part of the district, not counted in calculating district occurrence rate or score

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Rialto Unified School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
91%	80	73
100%	80	80
100%	60	60

393

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>			X

Points: 180

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
<b>TOTAL EVALUATION</b>			X

Points: 200

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>			X

Points: 85

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
<b>TOTAL EVALUATION</b>			X

Points: 90

1000 POINTS POSSIBLE TOTAL

**SCORE**

948

### F. TEST TRANSACTIONS

8 Transactions Tested

Exceptions noted (2):

- 1 Transactions (2)  
No receiving documentation  
Invoice not original
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

25% occurrence rate -50  
898

LOW

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Rim of the World Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
100%	80	80
100%	80	80
100%	60	60

400

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 185

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 150

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 75

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 33

1000 POINTS POSSIBLE TOTAL

SCORE

843

### F. TEST TRANSACTIONS

1 Transaction Tested  
Exceptions noted (0):

- 1 Transactions  
None

- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
843

MEDIUM

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

San Bernardino City Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
	X	
X		
		X
	X	
		X

### Scoring:

POINTS	WEIGHT	TOTAL
65%	120	79
33%	60	20
100%	80	80
84%	80	67
100%	60	60

306

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 150

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 30

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 30

1000 POINTS POSSIBLE TOTAL

SCORE

716

### F. TEST TRANSACTIONS

39 Transactions Tested

Exceptions noted (22):

- 1 Transactions (22)
  - Invoice does not foot or cross foot (2)
  - Invoice not original (13)
  - Invoice not itemized
  - Invoice does not compare to contract
  - Purchase order does not identify materials
  - Receiving documentation not present (2)
  - Paid wrong amount
  - Unable to locate documentation
- 2 Contracts
  - None

### ADJUSTMENTS FOR EXCEPTIONS:

56% occurrence rate -112  
604

MEDIUM

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

San Bernardino Community College District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
X		
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
89%	120	107
47%	60	28
100%	80	80
92%	80	74
100%	60	60

349

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION		X	

Points: 80

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 20

1000 POINTS POSSIBLE TOTAL

SCORE

849

### F. TEST TRANSACTIONS

6 Transactions Tested  
Exceptions noted (0):

- 1 Transactions  
None
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
849

MEDIUM

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Silver Valley Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
X		
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
95%	120	113
33%	60	20
100%	80	80
100%	80	80
100%	60	60

353

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 170

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION		X	

Points: 150

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 30

1000 POINTS POSSIBLE TOTAL

SCORE

803

### F. TEST TRANSACTIONS

2 Transactions Tested

Exceptions noted (0):

- 1 Transactions  
None
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0

803

MEDIUM

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Snowline Joint Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
	X	
	X	
	X	
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
73%	60	44
82%	80	65
83%	80	66
100%	60	60

356

### B. RESUME SUMMARY

200 Points Possible

0-99 H	100-169 M	170-200 L
	X	

TOTAL EVALUATION

Points: 115

### C. ORGANIZATIONAL CHART

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 200

### D. POLICIES

100 Points Possible

0-49 H	50-84 M	85-100 L
	X	

TOTAL EVALUATION

Points: 75

### E. PROCEDURES

100 Points Possible

0-49 H	50-84 M	85-100 L
X		

TOTAL EVALUATION

Points: 10

1000 POINTS POSSIBLE TOTAL

SCORE

756

### F. TEST TRANSACTIONS

0 Transactions Tested  
Exceptions noted (0):

1 Transactions  
None

2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0

756

MEDIUM

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Trona Joint Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
	X	
X		
	X	
X		
X		

### Scoring:

POINTS	WEIGHT	TOTAL
82%	120	98
0%	60	0
67%	80	54
37%	80	30
38%	60	23

205

### B. RESUME SUMMARY

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 185

### C. ORGANIZATIONAL CHART

200 Points Possible

0-99 H	100-169 M	170-200 L
X		

TOTAL EVALUATION

Points: 20

### D. POLICIES

100 Points Possible

0-49 H	50-84 M	85-100 L
X		

TOTAL EVALUATION

Points: 0

### E. PROCEDURES

100 Points Possible

0-49 H	50-84 M	85-100 L
	X	

TOTAL EVALUATION

Points: 75

1000 POINTS POSSIBLE TOTAL

SCORE

485

### F. TEST TRANSACTIONS

0 Transactions Tested  
Exceptions noted (0):

1 Transactions  
None

2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
485

HIGH

# COSO Scorecard

**FROM:** Rachel Ayala  
Internal Auditor II

**TO:** Melissa Anderson  
Chief, District Financial Services

**DATE:** 3/14/2008

**Upland Unified School District**

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
X		
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
40%	60	24
100%	80	80
100%	80	80
100%	60	60

364

### B. RESUME SUMMARY

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 190

### C. ORGANIZATIONAL CHART

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 200

### D. POLICIES

100 Points Possible

0-49 H	50-84 M	85-100 L
		X

TOTAL EVALUATION

Points: 100

### E. PROCEDURES

100 Points Possible

0-49 H	50-84 M	85-100 L
	X	

TOTAL EVALUATION

Points: 66

1000 POINTS POSSIBLE TOTAL

SCORE

920

### F. TEST TRANSACTIONS

5 Transactions Tested  
Exceptions noted (1):

- 1 Transactions (1)  
No receiving documentation
- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

20% occurrence rate -40  
880

LOW

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

TO: Melissa Anderson  
Chief, District Financial Services

DATE: 3/14/2008

Victor Elementary School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
	X	
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
100%	80	80
83%	80	66
87%	60	52

379

### B. RESUME SUMMARY

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 185

### C. ORGANIZATIONAL CHART

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 200

### D. POLICIES

100 Points Possible

0-49 H	50-84 M	85-100 L
X		

TOTAL EVALUATION

Points: 30

### E. PROCEDURES

100 Points Possible

0-49 H	50-84 M	85-100 L
X		

TOTAL EVALUATION

Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

794

### F. TEST TRANSACTIONS

6 Transactions Tested

Exceptions noted (1):

- 1 Transactions (1)  
Invoice not original

- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

17% occurrence rate -34

760

MEDIUM

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Victor Valley Community College District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
		X

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
100%	80	80
88%	80	70
87%	60	52

383

### B. RESUME SUMMARY

200 Points Possible

0-99 100-169 170-200

H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 120

### C. ORGANIZATIONAL CHART

200 Points Possible

0-99 100-169 170-200

H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 120

### D. POLICIES

100 Points Possible

0-49 50-84 85-100

H M L

TOTAL EVALUATION

	X	
--	---	--

Points: 75

### E. PROCEDURES

100 Points Possible

0-49 50-84 85-100

H M L

TOTAL EVALUATION

X		
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Points: 0

1000 POINTS POSSIBLE TOTAL

SCORE

698

### F. TEST TRANSACTIONS

10 Transactions Tested

Exceptions noted (0):

- 1 Transactions  
None

- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0

698

MEDIUM

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Victor Valley Union High School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
X		
		X
	X	
	X	

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
0%	60	0
100%	80	80
69%	80	55
82%	60	49

304

### B. RESUME SUMMARY

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 180

### C. ORGANIZATIONAL CHART

200 Points Possible

	0-99 H	100-169 M	170-200 L
TOTAL EVALUATION			X

Points: 200

### D. POLICIES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION			X

Points: 100

### E. PROCEDURES

100 Points Possible

	0-49 H	50-84 M	85-100 L
TOTAL EVALUATION	X		

Points: 10

1000 POINTS POSSIBLE TOTAL

SCORE

794

### F. TEST TRANSACTIONS

13 Transactions Tested

Exceptions noted (4):

- 1 Transactions (4)  
Invoice does not agree to purchase order  
Invoice does not foot or cross foot  
Invoice not original  
Receiving documentation not present

- 2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

31% occurrence rate -62

732

MEDIUM

# COSO Scorecard

FROM: Rachel Ayala  
Internal Auditor II

DATE: 3/14/2008

TO: Melissa Anderson  
Chief, District Financial Services

Yucaipa-Calimesa Joint Unified School District

## Legend

X Applies  
H High Risk  
M Medium Risk  
L Low Risk

### A. COSO INTERNAL CONTROL QUESTIONNAIRE

400 Points Possible

- 1 Control Environment
- 2 Risk Assessment
- 3 Control Activities
- 4 Information and Communication
- 5 Monitoring

H	M	L
		X
		X
		X
		X
	X	

### Scoring:

POINTS	WEIGHT	TOTAL
100%	120	120
100%	60	60
100%	80	80
97%	80	78
71%	60	42

380

### B. RESUME SUMMARY

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 170

### C. ORGANIZATIONAL CHART

200 Points Possible

0-99 H	100-169 M	170-200 L
		X

TOTAL EVALUATION

Points: 200

### D. POLICIES

100 Points Possible

0-49 H	50-84 M	85-100 L
	X	

TOTAL EVALUATION

Points: 100

### E. PROCEDURES

100 Points Possible

0-49 H	50-84 M	85-100 L
X		

TOTAL EVALUATION

Points: 76

1000 POINTS POSSIBLE TOTAL

SCORE

926

### F. TEST TRANSACTIONS

2 Transactions Tested  
Exceptions noted (0):

1 Transactions  
None

2 Contracts  
None

### ADJUSTMENTS FOR EXCEPTIONS:

0% occurrence rate 0  
926

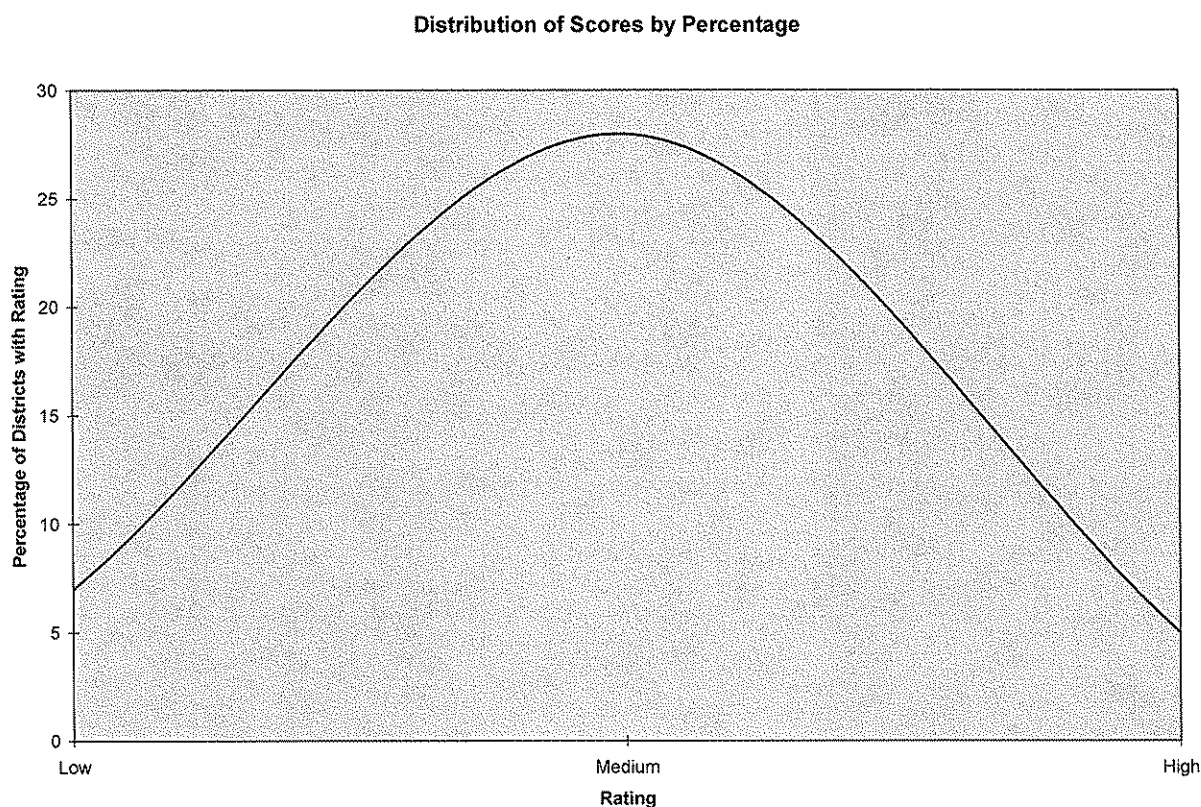
LOW

## **ANALYSIS OF OBSERVATIONS**

Based upon the assessment of the internal controls at each district, the risk rating for each district has been calculated as follows:

<b>SCHOOL DISTRICT</b>	<b>SCORE: POINTS</b>	<b>RATING</b>
Yucaipa-Calimesa Joint Unified School District	926	<b>LOW</b>
San Bernardino County Services	919	<b>LOW</b>
Rialto Unified School District	898	<b>LOW</b>
Upland Unified School District	880	<b>LOW</b>
Central School District	879	<b>LOW</b>
Adelanto School District	858	<b>LOW</b>
Redlands Unified School District	856	<b>LOW</b>
San Bernardino Community College District	849	<b>MEDIUM</b>
Rim of the World Unified School District	843	<b>MEDIUM</b>
Apple Valley Unified School District	835	<b>MEDIUM</b>
Barstow Unified School District	831	<b>MEDIUM</b>
Hesperia Unified School District	809	<b>MEDIUM</b>
Silver Valley Unified School District	803	<b>MEDIUM</b>
Morongo Unified School District	798	<b>MEDIUM</b>
Colton-Redlands-Yucaipa ROP	786	<b>MEDIUM</b>
Chaffey Joint Union High School District	775	<b>MEDIUM</b>
Victor Elementary School District	760	<b>MEDIUM</b>
Snowline Joint Unified School District	756	<b>MEDIUM</b>
Barstow Community College District	737	<b>MEDIUM</b>
Etiwanda School District	737	<b>MEDIUM</b>
Victor Valley Union High School District	732	<b>MEDIUM</b>
Baldy View ROP	715	<b>MEDIUM</b>
Victor Valley Community College District	698	<b>MEDIUM</b>
Helendale School District	696	<b>MEDIUM</b>
Alta Loma School District	672	<b>MEDIUM</b>
Fontana Unified School District	628	<b>MEDIUM</b>
Copper Mountain Community College District	621	<b>MEDIUM</b>
Lucerne Valley Unified School District	612	<b>MEDIUM</b>
Bear Valley Unified School District	607	<b>MEDIUM</b>
San Bernardino City Unified School District	604	<b>MEDIUM</b>
Needles Unified School District	592	<b>MEDIUM</b>
Colton Joint Unified School District	575	<b>MEDIUM</b>
Mt. Baldy Joint School District	563	<b>MEDIUM</b>
Cucamonga School District	562	<b>MEDIUM</b>
Oro Grande School District	545	<b>MEDIUM</b>
Trona Joint Unified School District	485	<b>HIGH</b>
Baker Valley Unified School District	411	<b>HIGH</b>
Chino Valley Unified School District	373	<b>HIGH</b>
Ontario-Montclair School District	298	<b>HIGH</b>
Mountain View School District	0	<b>HIGH</b>

There appears to be a normal distribution of the ratings among the 40 districts assessed:



It appears that there is an overall medium level of risk among the districts, so there should be a medium degree of reliance placed upon the controls in place at the individual districts. This also indicates that moderate testing of controls, or payment auditing, should be in place.

The adjustments to the audit profiles, or audit selection confidence factors, for the districts should begin with those districts with the lowest scores (highest risk). Since the following districts are operating at a high level of risk, it is most important that the auditing of their payments must be increased (or kept at 100% as is the case with Mountain View School District) in order to most effectively reduce overall risk:

Mountain View School District
Ontario-Montclair School District
Chino Valley Unified School District
Baker Valley Unified School District
Trona Joint Unified School District

Information noted in the COSO framework-based scorecards on pages 22-61 can be used in determining which areas to increase testing in. In order to improve the effectiveness of District Financial Services' auditing process, it is recommended that the confidence factors in the audit selection process be adjusted to reflect the High and Low risk ratings noted in the COSO scores. The district level internal controls cannot be heavily relied on; therefore, a higher degree of reliance must be placed on the mitigating controls provided by District Financial Services' payment auditing process.